

RECEIVED MAR 25 1994

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They will tell us who is
a full partner

TO: J. W. Best
P. J. Cundari
S. G. Hanes
E. M. McAtee

FROM: J. R. Helm

SUBJECT: Identification of "Full Partner" Private Label Brands

DATE: March 22, 1994

There is a need to clear up apparent confusion in some circumstances about the direction the field should follow in trying to keep our brands competitive at retail. When our brands are being undersold and one of our private labels is present, should we give buy-down support to one of our general market low end brands or to the private label?

As the success of a private label brand depends primarily upon the willingness of our contracted private label customer to get fully behind it and work it, we will apply additional resources only where the customer is a Full Partner. Otherwise, our best opportunity is with our general market brands.

In order for us to have throughout our organization a clear understanding of when we should provide additional support to help our private label brands and when we should not, the Forsyth group has initiated a new set of qualifications to identify Full Partner customers.

The Forsyth group over the next 30 to 60 days will be looking at all private label brands to see which customers qualify as Full Partner. We will be informing our contracted customers of the results of this review. We will be also informing them that if they meet the qualifications, the RJR sales organization will provide additional support at retail for their private label brand. If they do not meet the qualifications, the RJR sales force will not provide additional private label support, and will instead focus on one of our general market brands.

I have attached the qualifications and the field sales action plan when a partner qualifies (attachment A). I have also attached a sample letter we will send to you when we have identified a Full Partner (attachment B).

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March 24, 1994
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We believe that with this procedure in place, all levels of our sales organization will be in a position to understand which private label brands Forsyth and RJR are going to work at retail.

Sincerely,



J. R. Helm
Attachments

| | | | |
|-----|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| cc: | Y. W. Ford R. S. Hendrix G. C. Pennell M. O. Johnson P. H. Ramm | D. L. Bomgardner C. M. Davis J. E. Powers W. F. Tucker J. H. Drew R. L. Flori R. N. Young | J. S. Farmer M. L. Jones M. L. Nutting D. E. Owens J. M. Piscitelli P. N. Vlahos |
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ATTACHMENT A

Qualifications to Become a Full Partner with Forsyth

To qualify as a Full Partner, a Forsyth contracted customer must:

- Use off-invoice to keep Forsyth private label price competitive.
- Develop programs using alliance accrual to build Forsyth private label business.
- Maintain Forsyth private label as the everyday low priced brand offered, with minimal support for competitive programs.
- Decline to carry non-Forsyth products that sell at prevailing private brand prices.

If the Forsyth contracted customer meets these qualifications, he will be identified as a FULL PARTNER. Field sales will be notified by the appropriate AVP of the FULL PARTNER status, and field sales will support the FULL PARTNER with appropriate buy-downs to assure that the Forsyth private brand is competitive at the retail level. If the Forsyth contracted customer does not qualify as a FULL PARTNER, field sales will use Monarch, Doral or Best Value, rather than the Forsyth private label, to maintain our competitive position at retail.

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